FILE COPY

Office - Supreme Court, U. S.
FILED
SEP 30 1949
CHARLES ELMORE CROPLEY
CLERK

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 294.

S. C. JOHNSON & SON, INC.,

Petitioner,

vs.

JOHN W. JOHNSON, RUPERT H. JOHNSON, JOHN D. FREEMAN, ROLAND H. BOARDMAN and HENRY J. STONE, doing business as JOHNSON PRODUCTS COMPANY,

Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

EDWIN T. BEAN,
CONRAD CHRISTEL,
1608 Liberty Bank Building,
Buffalo 2, New York,
Attorneys for Respondents.

BATAVIA TIMES, LAW PRINTERS,
BATAVIA, N. Y.

INDEX OF SUBJECT MATTER

	PAGE
Opinions Below	1
Additional Statement of the Case	2
This Case Presents No Question Involving The Federal Rules of Civil Procedure	2
This Case Presents No Question As to the Power of the District Court to Modify the Existing Injunction	4
The Trade-mark Act of 1946 Has No Bearing on the Rights of the Parties to this Action	4
Surname Trade-marks	7
Philco Corp. v. F. and B. Mfg. Co.	9
Reliance on Prior Judgment	10
The Allegations of the Proposed Supplemental Complaint	11
Judge Clark's Dissent	14
Summary	15
Conclusion	17
Appendix:	
Opinion of Circuit Court, December 30, 1940	19
Opinion of Judge Knight, July 6, 1948	25

Cases Cited

Brown Chemical Co. v. Meyer, 139 U. S. 540, 544 ..... 9, 10
L. E. Waterman Co. v. Modern Pen Co., 235 U. S. 88 (1914) 8
Philco Corp. v. F. and B. Mfg. Co., 170 F. 2d 958 ..... 9, 10
Royal Baking Powder Co. v. Royal, 122 F. 337 (C. C. A. VI, 1903) 8
U. S. v. Swift & Company, 286 U. S. 106 4
Walter Baker & Co., Ltd. v. Baker, 87 F. 209 (C. C. S. D. N. Y. 1898) 8
Walter Baker & Co. v. Baker, 77 F. 181 (C. C. W. D. Va. 1896) 8

PAGE

Walter Baker & Co. v. Gray, 192 F. 921 (C. C. A. VIII, 1911) 8
Walter Baker & Co. v. Slack, 130 F. 514 (C. C. A. VII, 1904) 8
William H. Baker v. Baker, 115 F. 297 (C. C. A. II, 1902) 8
Yale Electric Corp. v. Robertson, 26 F. 2d 972; 21 F. 2d 467 ..... 5, 6

TEXTBOOK CITED

Derenberg's "Trade-mark Protection and Unfair Trading", page 361 7

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 294.

S. C. JOHNSON & SON, INC.,

Petitioner,

vs.

JOHN W. JOHNSON, RUPERT H. JOHNSON, JOHN D. FREEMAN, ROLAND H. BOARDMAN and HENRY J. STONE, doing business as JOHNSON PRODUCTS COMPANY,

Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

Opinions Below.

This case was initially decided in the District Court August 1, 1939, 28 F. Supp. 744, appearing at page 23 of the Record. The Court of Appeals for the Second Circuit modified the decision December 30, 1940, 116 F. 2d 427. That opinion appears at page 34 of the Record, and in an appendix to this brief, page 19. The motion for leave to file a supplemental complaint was decided by the District Court July 6, 1948, 8 F. R. D. 217, and appears at page 24 of the Record and at page 25 of the appendix

to this brief. The affirming opinion of the Court of Appeals, 175 F. 2d 176, appears at page 49 of the Record and in an appendix to the Petition to this Court.

Additional Statement of the Case.

Respondents wish respectfully to restate the matter which petitioner dismisses in lines 27 through 31 of page 3 of the Petition. Immediately after entry of the decree on mandate in 1941, respondent, John W. Johnson, then doing business as an individual, adopted a new label in accordance with the instructions and mandate of the Court of Appeals for the Second Circuit as embodied in the decree. John W. Johnson and his successors, the respondents here, have now used that label unchanged for eight years. There was no protest by petitioner that the label adopted in 1941 did not fully obey the decree, either at the time of its adoption or at any other time until petitioner sought to resurrect the litigation in 1948. In its opinion dated June 2, 1949, eight years after adoption of the new label, the Court of Appeal stated, in no uncertain terms:

> "* * * we hold that the new label exactly conforms to the decree." (R. 51)

This Case Presents No Question Involving the Federal Rules of Civil Procedure.

At page 5 of the Petition, as No. 1 of the "Question Presented", petitioner, queries:

> "Do the Federal Rules of Civil Procedure require permission of an Appellate Court to serve a supplemental complaint, when the complaint seeks modification of an injunction for ineffectiveness of relief granted, and is further based upon transactions or occurrences which have happened since the entry of the injunction?"

This question is not presented. Both Courts below considered the allegations of the proposed supplemental bill and decided the case on its merits. After a full consideration of the merits of petitioner's case the District Court concluded its opinion of July 6, 1948, as follows:

> "In the instant case the application filed should have been made to the Circuit Court. *It is not necessary, however, to dismiss on that ground.*
>
> "Assuming petitioner is properly before this court, the petition must be denied. It is believed that the proposed evidence is in conflict with the decision of the District Court. Further, the plaintiff is guilty of laches. The court in the exercise of its discretion properly refuses the petition." (Emphasis ours) (R. 21)

If the District Court left any doubt on this jurisdictional issue the Court of Appeals certainly did not. It decided the matter entirely in petitioner's favor and said:

> "We agree that the judge had jurisdiction at any time to entertain a motion to modify the injunction; and it is not necessary to decide whether it was necessary as a preliminary for him to ask leave of this court because of our decision on the former appeal. The cause is now before us, and it would be a barren formality to reverse the order, grant leave to the judge to entertain that motion, have him enter a new order, and compel the plaintiff to appeal again. We shall therefore at once proceed to the merits." (R. 50)

This also eliminates paragraph (b) of page 2 of the Petition, under the heading "Jurisdiction", since no "construction of the Federal Rules of Civil Procedure" is present. This issue has been decided in petitioner's favor.

This Case Presents No Question as to the Power of the District Court to Modify the Existing Injunction.

The last quoted portion of the opinion of the Court of Appeals also eliminates from consideration paragraph No. 1 of "Reasons for Granting the Writ" at the bottom of page 5 of the Petition. The Court of Appeals had no question as to its right or the right of the District Court to modify the injunction on a showing of circumstances warranting a change. (R. 50)

The statement at page 6 of the Petition, under "Reasons for Granting the Writ", that the present decision is in conflict with *U. S. v. Swift & Company,* 286 U. S. 106, is likewise utterly without basis. The Appellate Court below said:

> "We agree that the judge had jurisdiction at any time to entertain a motion to modify the injunction; * * *" (R. 50)

and here Judge Learned Hand specifically cites and relies upon *U. S. v. Swift & Company, supra.*

The Trade-mark Act of 1946 Has No Bearing on the Rights of the Parties to this Action.

We will now direct our attention to the only possible remaining point raised by the Petition, namely, the Federal Trade-mark Act of July 5, 1946.

This case presents no questions involving that Act which would justify the grant of the Petition. Any change in the law of technical trade-marks growing out of the Federal Trade-mark Act of July 5, 1946, has no bearing on the issues of this case. Stated briefly, petitioner's plea is that under the above act Federal Courts now have jurisdiction to grant relief when the goods are not the same, but the concurrent use "is likely to cause confusion, mistake, or deception of purchasers as to source of origin."

The basic fallacy of the Petition is that the Courts below in 1940 and 1941 did not forswear jurisdiction, but, on the contrary, found in favor of the present petitioners and granted them the measure of relief found warranted in the premises. The present action is merely a very belated plea that the measure of relief granted in 1941 is, in petitioner's opinion, inadequate. We are not alone in this evaluation; in the present proceeding Judge Learned Hand, speaking for the Court of Appeals for the Second Circuit, said:

> "The motion was a patent effort to procure a re-argument after a lapse of seven years, and has not the slightest justification save for the enactment of the Lanham Act in 1946. To this we address ourselves as the only point deserving discussion." (R. 30)

The extended argument about the enlargement of relief under the Trade-mark Statute of 1946, beginning at page 12 of petitioner's brief, ignores the fact that the Federal Courts, under the common law of unfair competition, have consistently and for many years granted relief coextensive with the new statute law, and that the Act of 1946 did no more than codify the existing law. Nothing could demonstrate that fact more clearly than the opinion of Judge Hand in the case of *Yale Electric Corp. v. Robertson,* 26 F. 2d 972, decided in 1928, which the Petition for Certiorari cites.

In the *Yale* case Judge Hand said, at page 974:

> "However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. • • • And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful. Aunt Jemima Mills Co. v. Rigney, 247 F. 407 (C. C. A. 2) L. R. A. 1918C, 1039; Akron-Overland v. Willys-Overland, 273 F. 674, (C. C. A. 3); Vogue Co. v.

Thompson-Hudson Co., 300 F. 509 (C. C. A. 6); Wall v. Rolls-Royce, 4 F. (2d) 333 (C. C. A. 3)."

Doesn't this show clearly that the language in the 1946 Trade-mark Act stressed by petitioner created no new rights but merely codified rights long recognized by the Federal Courts as a part of the common law of unfair competition, whether or not those rights were expressed in the 1905 Trade-mark Act?

Petitioner's argument at pages 21 through 24 of their brief accuses the Appellate Court below of inconsistency because of its decisions in the case of *Yale Electric Corp. v. Robertson, supra,* and the present case. This criticism completely ignores a very significant distinction. True "Yale" is a surname, as the petitioner coyly suggests at page 21 of its brief, but in the *Yale* case no individual connected with the Electric Corp. was so named or had any of the rights normally attaching to the use of one's own surname. The case was thus stripped of that consideration and was decided as if the mark involved were purely arbitrary.

The District Court decision, 21 F. 2d 467, says, at page 469:

> "The use of the word 'Yale' by plaintiff (the newcomer) is purely arbitrary. It is not the name of anyone connected with the plaintiff's organization." (Parenthesis ours)

Thus the *"Yale"* case is clearly distinguished from the present one.

At the bottom of page 22 of petitioner's brief we find the direct challenge "—how can the conclusions of Judge Hand be reconciled?" The answer is simple and leaves nothing to merit the attention of this Court. In the *Yale* case the newcomer arbitrarily selected the word "Yale"

as its trade-mark. In the present case the founder of respondents' business, beginning in 1932, marketed his goods under his own name, which the law says he has a perfect right to do. Both the Trial Court and the Appellate Court below have placed their seal of approval on this right, subject to safeguards which they thought proper, and in so doing were guided by a long line of authority.

Surname Trade-marks.

The right to use a family name is practically inalienable in trade-mark law. Derenberg's "Trade-mark Protection and Unfair Trading" at page 361 states the proposition as follows:

> "In line with a policy continually followed by the federal courts, the *utmost* that can be required of the bearer of a widely known family name is that he make an amplifying statement, a so-called 'explanatory phrase' to the effect that he is in no way related to the existing establishment operating under this name." (Emphasis ours)

This possible remedy was considered by Judge Hand in his 1940 opinion and was specifically rejected as too drastic in the following language:

> "That (the remedy) chosen by the district judge, while it did not entirely forbid the use of defendant's name, took from him a very natural idiom; it would have been appropriate enough, if he was competing, but not where the injury is so problematical as it is. The only other is to compel him to use the phrase, often prescribed in such cases, 'not connected with S. C. Johnson & Son, Inc.' That is even more severe; it not only advertises the injured party, but directly suggests that the defendant has been found guilty of some unfair practice." (Parenthesis ours) (R. 39)

The petitioner here seeks nothing less than an absolute injunction against the respondents' use of the surname of

the founder and managing head of the business. (See the single prayer of the proposed supplemental complaint, R. 12.)

The authorities in which this question has been considered and such absolute relief denied are numerous. Some of the leading cases on this point are: *Walter Baker & Co. v. Baker,* 77 F. 181 (C. C. W. D. Va. 1896); *Walter Baker & Co., Ltd. v. Baker,* 87 F. 209 (C. C. S. D. N. Y. 1898); *William H. Baker v. Baker,* 115 F. 297 (C. C. A. II, 1902); *Walter Baker & Co. v. Slack,* 130 F. 514 (C. C. A. VII, 1904); *Walter Baker & Co. v. Gray,* 192 F. 921 (C. C. A. VIII, 1911); *Royal Baking Powder Co. v. Royal,* 122 F. 337 (C. C. A. VI, 1903); *L. E. Waterman Co. v. Modern Pen Co.,* 235 U. S. 88 (1914).

In the latter case this Honorable Court, speaking through Justice Holmes, said:

> "Under the decree in its present form the plaintiff gets all the protection to which it is entitled as against another Waterman who has established himself in the business, *even though one of his motives for going into it was the hope of some residual advantages from the use of his own name.*" (Emphasis ours)

This goes much farther than the present case requires.

That the framers of the Lanham Trade-mark Act of 1946 were fully cognizant of the weakness of surname trademarks and of the disabilities under which such marks suffer is very obvious and evident at the outset of the Act. Sec. 2 of the Trade-mark Act of 1946 says:

> "No trade-mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—
>
> * * *
>
> "(e) Consists of a mark which, * * * (3) is primarily merely a surname."

This Court has only recently refused to consider a case on all fours with the present one, excepting that the other case was free of the elements of prior judgment and *res judicata.*

Stated as briefly as possible, in that case the *Philco Corp.,* widely known manufacturers of radios and allied products, sued one Filko, who, according to the opinion of the United States Court of Appeals for the Seventh Circuit, dated December 3, 1948, and reported at 170 F. 2d 958, sold "automotive ignition parts, including condensers, relays, switches, starter repair parts, coils, and distributors under the brand name 'Filko' ". That Court affirmed the District Court judgment in favor of the defendant, and in so doing said, at page 959:

> "The Trade-Mark Act of 1946, Title 15, Section 1051 U. S. C. A. is determinative of the rights of plaintiff. As announced by this court in *California Fruit Growers Exchange v. Sunkist Baking Co.,* 7 Cir., 166 F. 2d, 971, the Act of 1905 was repealed by the Act of 1946. Under the earlier act, a remedy was granted to the owner of a trade-mark when any person colorably imitated his mark 'in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration.' § 16, 33 Stat. 728. The present act provides that a cause of action for infringement exists if the colorable imitation 'is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods * * *.' 15 U. S. C. A. § 1114 (1) (a)."

The Appellate Court ultimately stated, at page 961, that "the use of one's name in his business is proper unless it is so used as fraudulently to cause likely injury to his competitor." At this point the Court of Appeals quoted with approval the decision of this Honorable Court in *Brown Chemical Co. v. Meyer,* 139 U. S. 540, 544, as follows:

> "A man's name is his own property, and he has the same right to its use and enjoyment as he has to that of any other species of property. If such use be a reasonable, honest, and fair exercise of such right, he is no more liable, for the incidental damage he may do a rival in trade than he would be for injury to his neighbor's property by the smoke issuing from his chimney, or for the fall of his neighbor's house by reason of necessary excavations upon his own land. These and similar instances are cases of *damnum absque injuria.*"

Following the foregoing quotation, the Court of Appeals in the *Philco* case said:

> "To similar effect is *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169, 187, 16 S. Ct. 1002, 41 L. Ed. 118."

The first two attorneys listed for petitioner in the present case were attorneys for the plaintiff in the *Philco* case. A Petition to this Court for the Writ of Certiorari was filed on behalf of plaintiff, relying, as here, on the Trade-mark Act of 1946 as a reason for granting the Writ. This Court denied the Petition April 4, 1949. 69 S. Ct. 813.

Reliance on Prior Judgment.

Respondent has now used its trade-mark continuously for seventeen years. Litigation, in the absence of some change in conduct on the part of party enjoined and in the absence of any violation of either the letter or the spirit of the injunction, must end somewhere. We submit that this litigation ended in 1941 when the petitioner here accepted the decision of the Court of Appeals for the Second Circuit as final. The rights of the parties are now *res judicata.*

Since that decision the defendant there, John W. Johnson, has engaged in partnership with others. Those partners, in entering the business, had a right to rely on the final

judgment in the earlier litigation, and the petitioner should be equitably estopped from attempting action which would adversely affect those partners after they materially changed their position by buying into the business in reliance on the prior judgment.

The Allegations of the Proposed Supplemental Complaint.

While it may be a matter which this Honorable Court would refuse to review in any event, because it involves merely the measure of relief in this case and presents no public questions or questions of far reaching importance, some attention must be given to this phase of the case by respondents to avoid any possible misapprehension. As a practical matter, the denial of petitioner's motion by the Courts below was based on the merits of the allegations of the proposed amended bill. The District Court held that "The acts and transactions sought to be shown (by the amended bill) go to establish the allegations of the original bill" (R. 19). It accordingly correctly held that the further relief prayed for in the proposed supplemental bill would be in conflict with the prior decision of the Circuit Court of Appeals (R. 19). In coming to this conclusion, the District Court said:

> "It is apparent that the plaintiff seeks reversal of the decision of the Circuit Court of Appeals. The prayer for relief asks that the defendants be restrained from using the name 'Johnson's' as a brand name or trade-mark for a cleaner or any kindred product'." (R. 18)

The Court of Appeals fully disposed of the issue injected by the proposed new evidence. In its affirming opinion the Court of Appeals enumerates the reasons urged by plaintiff-appellant in support of filing the supplemental complaint, and following such listing disposes *seriatim* of the four reasons thus set out. (R. 30, *et seq.)*

In the Appellate Court's opinion it lists the following as plaintiff's reason No. (2):

> "that the original injunction did not give the plaintiff adequate relief or protect the public;". (R. 50)

It is, of course, only under this head that petitioner's proposed new evidence could be pertinent, since it appears from the record in this case that that evidence consists of compilations based upon surveys and questionnaires of the "public opinion poll" type. In reviewing and ruling upon the adequacy of relief granted in the earlier litigation, Judge Hand said in his 1949 opinion:

> "Upon this we have nothing to add to what we said before, when we very deliberately assumed that the public might still be confused after the prescribed change had been made." (R. 51)

This observation clearly adverts back to the appellate court's 1940 disposition of this same issue and reaffirms that earlier disposition of the matter.

In its 1940 opinion the Court of Appeals recognized that confusion might not be entirely avoided but asserted that that was a penalty attaching to the adoption of a common surname as a trade-mark. In that opinion this question was fully considered and disposed of in the following language:

> "• • • When all is said, if a man allows the good will of his business to become identified with a surname so common as Johnson, it is fair to impose upon him some of the risk that another Johnson may wish to sell goods not very far afield; and he must show a substantial interest if he would seriously impair the second Johnson's privileges to use his own name in customary ways." (R. 39)

In the trial of the original case back in 1938 petitioner adduced voluminous testimony both in open court and by deposition, and the Record on appeal ran to 831 pages, mostly devoted to depositions and testimony for the plain-

tiff, petitioner here. All possible issues in this case have been fully litigated, not once but twice, and there is not one iota of real change of circumstances present nor a single change in respondents' conduct upon which the petitioner's present plea can take foundation. As the District Court said in its opinion on the present motion:

> "The question of confusion was definitely before this Court on the trial of infringement suit. I said in my opinion in that case, 'Many witnesses have testified as to transactions directed to show such deception.'" (R. 18)

Petitioner's brief in the Court of Appeals in this case contains an appendix of some fifteen pages which purports to be a report of two surveys of the door-to-door, public-opinion type which are not believed to be of any probative value. Seven of the twelve pages of this appendix are devoted to survey B, which is asserted to prove that the general public purchases well-known products by their brand name and without accurate knowledge as to the exact name of the company which manufactures or packs the product.

It is submitted that there has been no such change in the general merchandising of goods in the United States as to warrant a supposition that that fact, if it be a fact, is more true today than it was at the time of petitioner's original law suit against respondent. If it be true today that the public is familiar with brand names without knowing the exact name of the manufacturer, it was undoubtedly no less true ten years ago.

These surveys are the only purported new evidence which petitioner has indicated in any way in these proceedings that it can adduce to support a re-trial and re-hearing of matters long since settled by the final 1941 decree and injunction. Of course, as a practical matter, once the petitioner has succeeded in reinstituting the litigation, there

would be no legal bar to its freedom to bankrupt the respondents in compiling a trial record comparable to the previous one.

Judge Clark's Dissent.

The Petition places considerable emphasis and reliance on the dissenting opinion of Judge Clark in this case. It is believed that Judge Clark's considerations were influenced to an unwarranted degree by the present popularity of petitioner's widely known radio program "Fibber McGee and Molly". Judge Clark refers directly to this program in his opinion, as follows:

> "This is not a monopoly of a natural product or of an invention, but of a name or mark built up by judicious advertising. * * * Here, for example, it is urged, and any devotee of the radio knows, that one of the most famous and presumably one of the most expensive of the popular evening radio hours has for years advertised the plaintiff's products. Yoder, *The McGees of Wistful Vista*, 222 Sat. Eve. Post No. 41, pp. 26, 86, 87, Apr. 9, 1949." (R. 62)

However, this is all beside the point. The respondents' use of his trade-mark in 1932 preceded by several years the inception of the radio program referred to by Judge Clark. Once the rights of two trade-mark owners have crystallized, —and the more strongly when they have been finally judicially determined, mere growth of one of them, however great, cannot, we submit, dilute or attenuate the established rights of the other. In the present case petitioner urges, in effect, that its growth has *extinguished* respondents' trade-mark rights.

But entirely aside from this, Judge Clark's dissenting opinion is self-answering, as far as his concern over the possible implications of the Trade-mark Act of 1946 is concerned. In footnote No. 7 of the dissenting opinion (R. 61)

Judge Clark recognizes that the Courts, before the 1946 Act, granted relief in proper cases even though the goods of the adverse parties were not of the same descriptive properties and also recognizes that some authorities regard the 1946 Act as a mere codification of the already existing rule of decision. In this footnote he says:

> "It should be noted, however, that there is strong authority for what is called the 'federal' rule or is 'popularly known as the Hand Doctrine' from its original impulse in the Second Circuit *(cf.* Lunsford, *op cit. infra,* 35 Va. L. Rev. 214, 217) that relief will be granted as between noncompeting goods if there is confusion as to the source. Thus see, *e. g.,* Standard Brands v. Smidler, 2 Cir., 151 F. 2d 34, the analysis by Judge Yankwich in Sunbeam Corp. v. Sunbeam Lighting Co., D. C. S. D. Cal., 83 F. Supp. 429, of Ninth Circuit cases, including Stork Restaurant v. Sahati, 9 Cir., 166 F. 2d 348, the effect given by Judge Wyzanski to the new Massachusetts statute, Stat. 1947, c. 307, in Food Fair Stores v. Food Fair, D. C. Mass., 83 F. Supp. 445, and the extensive collection of cases in the annotations to Lady Esther, Ltd. v. Lady Esther Corset Shoppe, 317 Ill. App. 451, 46 N. E. 2d 165, 148 A. L. R. 6, at 12, 36-39, 48, 53-92. And this appears to be the view of a great many commentators; thus, in addition to the articles hereinafter cited, see the authoritative statement in 3 Restatement, Torts, §§ 730, 731, 1938. Some commentators speak specifically of the Act as a codification of this rule of law. 3 Wyo. L. Rev. 66; 26 N. C. L. Rev. 424."

Summary.

We believe the present situation as between petitioner and respondents and the salient events leading to that situation could be summed up no better nor more briefly than in the following two quotations from Judge Hand's 1949 opinion:

> "The plaintiff does not sell cleaning fluid; it makes waxes and other polishes, and the defendants cannot

possibly turn away from it any customers who would buy these instead of cleaning fluids. When John W. Johnson began business in 1932 he did so under his own name—the customary and innocent identification of his goods with himself. After three years the plaintiff tried to stop his use, and it was unsuccessful in 1941; not, as we then said, because no confusion had developed, for some had, and was probably to some degree inevitable; but because we held that the resulting prejudice to the plaintiff did not counter-balance Johnson's interest in doing business under his own name. After a lapse of five years—in 1946—the Lanham Act was passed, and, if the plaintiff is right, it has destroyed the assurance, which our decision gave to Johnson and his present associates, that the good will they built up in the name of 'Johnson' they would be allowed to enjoy." (R. 56)

"Again, although the plaintiff may at some future time wish to make cleaning fluids, it does not now even intimate such a purpose. We cannot conceive any justification in these circumstances for allowing it to reach a choking hand into a market not its own, and to deprive the defendants of an interest, natural and proper in its origin, and after sixteen years presumably an important element in their business. If congress really meant to allow every first user of a mark so to stifle all excursions into adjacent markets upon showing no more than that confusion would result, it seems to us that it would have said so more clearly. *In the case of fabricated marks which have no significance, save as they denote a single source or origin of the goods to which they are attached, the first user's right may indeed go so far.* The second user can then show no interest of his own; and if, as will then appear, his only purpose is to trade on the first user's good-will, it is indeed time to intervene. *That situation is polar to this,* and we do not believe that both have been swept into a common condemnation by the language used to create the new federal right." (R. 57) (Emphasis ours)

Judge Hand was fully and intelligently cognizant of the issues of this case and of the aims of the petitioner.

Conclusion.

We submit that the controlling facts in this case are that respondents manufacture and sell a liquid fabric cleaner; that petitioner makes no competing or substitute product; that the infirmities of petitioner's trade-mark, being as it is a very common surname, were properly recognized by both the Trial Court and the Appellate Court in 1940, and this recognition was properly reaffirmed by both of those Courts in the present litigation; that petitioner's rights were fully safeguarded under the injunction resulting from the prior litigation to the full extent of those rights, both as defined in statutory trade-mark laws and in the considerable body of common law in matters of unfair competition; and that petitioner's rights were enforced by the Courts to the fullest extent dictated by principles of equity; that not a single act of respondents is alleged in this proceeding which, if proved, would warrant alteration of the long-standing decree; and that petitioner's long acquiescence in the 1940 decree estops it from questioning its propriety now.

Since the District Court fully considered the allegations of the proposed supplemental complaint and, in its sound discretion, dismissed the motion on its merits, the Circuit Court of Appeals could only have reversed on a clear conviction that the District Court abused the discretion vested in it under Rule 15 (d).

Petitioner here flatly seeks total injunction against the use of "Johnson" in any form by respondents, a remedy far more drastic than any which was entertained in any wise by either of the Courts below in either of their two considerations of the matter, a remedy entirely without sanction in the authorities dealing with surname trademarks. The petitioner, a large and wealthy corporation,

has fully had its day in Court, as witnessed by the voluminous record of the prior proceedings, proceedings which the relatively small business of respondents could ill afford to defend.

The District Court in deciding the present motion clearly recognized it as an apparent attempt by petitioner to seek reversal of the decision of the Circuit Court of Appeals in the prior litigation. Such an attempt should be barred on the ground of *res judicata,* irrespective of whether the petitioner calls its moving papers a supplemental complaint or a new, original complaint, and the respondents should be spared a further financially disastrous round of depositions and hearings.

Counsel for respondents sincerely believe that if this Honorable Court granted certiorari it would find nothing to review but the measure of relief granted by the 1941 injunction, quite apart from any question of statutory interpretation or any other question of general or compelling interest in the enforcement of the trade-mark laws. It is accordingly respectfully submitted that the Petition makes out no case to warrant the intervention of this Honorable Court and should be denied.

Respectfully submitted,

EDWIN T. BEAN,
CONRAD CHRISTEL,
1608 Liberty Bank Building,
Buffalo 2, New York,
Attorneys for Respondents.

September 23, 1949.

APPENDIX.

Opinion of Circuit Court, December 30, 1940.

(116 F. (2d) 427)

S. C. JOHNSON & SON, Inc., v. JOHNSON

No. 38

Circuit Court of Appeals, Second Circuit.

Dec. 30, 1940.

Appeal from the District Court of the United States for the Western District of New York.

Action by S. C. Johnson & Son, Inc., against John W. Johnson, for infringement of trade-mark and unfair competition. From a judgment of the District Court, 28 F. Supp. 744, enjoining the use of the word "Johnson", defendant appellants. [sic].

Judgment modified.

Babcock, Sullivan & Weaver, of Buffalo, N. Y. (John R. Weaver, of Buffalo, N. Y., of counsel), for appellant.

Waugh & McClellan, of Chicago, Ill., and Harold I. Popp, of Buffalo, N. Y. (William F. Waugh and Vernon B. Bates, both of Chicago, Ill., of counsel), for appellee.

Before L. Hand, Chase, and Clark, Circuit Judges.

L. HAND, Circuit Judge.

The defendant appeals from a judgment enjoining him from selling his "Household Cleaner" under a label in which appears the word "Johnson's"; from imitating the plaintiff's trade-mark (which is the same word) or "affixing" it to goods "of substantially the same descriptive properties" as are mentioned in the plaintiff's "registra-

tion"; and from representing that his goods, "emanate from or are in any way connected with plaintiff." The facts were as follows: The plaintiff is a Wisconsin corporation organized in 1932 to take over a business founded in 1886 by one, Samuel C. Johnson, and thereafter carried on either by him, or by a firm made up of himself and his son, or himself, his son and his grandson. At the time of the trial in November, 1938, this business had become very large, employing nearly 900 persons and selling to more than 17,000 dealers and jobbers. Originally Johnson had made and sold only floor-wax; later he, or the firm, added other preparations—floor cleaners, varnishes, fillers, brushes, enamels, lacquers, waxes for motors, furniture polishes and the like; but never any sort of fabric cleaner. At some time undisclosed, but after 1932, the plaintiff began to sell as suitable for glazed surfaces one of its cleaners which it had theretofore sold only as a silver polish; that was its first excursion into any of the markets which the defendant has ever exploited, as will appear. It registered the name, "Johnson's" as a trade-mark in 1915, 1923, 1927 and 1928, applicable generally to its products; and it has always conspicuously marked all its boxes or bottles with that word. In 1932 the defendant started in business under the name, "Johnson Products Company"; it may be assumed that he did not then know of the plaintiff's business. He made and sold a cleaning fluid, used chiefly for rugs, upholstery, tapestry and other fabrics, but also for woodwork, tiles and other glazed surfaces. He adopted a yellow label with the word "Johnson's" in large red letters and below it the word "Cleaner," in letters half the size; at the bottom of the label was the legend in small type, "Copyright 1933, by Johnson Products Co. of Buffalo, N. Y." The plaintiff proved to the satisfaction of the judge that the defendant's use of the name has caused confusion among

the plaintiff's customers; and we cannot say that the finding is "clearly erroneous." We should have so found ourselves; and indeed the testimony leaves no doubt that, while he did not actively instigate his employees to mislead customers, the defendant instructed them not to undeceive any who were already misled and to take advantage of their confusion.

Obviously the plaintiff cannot stand upon the usual grievance in such cases; i. e. that the defendant is diverting its customers. It has no customers to divert, for it does not sell a cleaner for fabrics; and, as to glazed surfaces, it began to sell its cleaner for these after the defendant; it was the newcomer in that market. Therefore, it invokes the doctrine that when a good will is established under the owner's name, given or assumed, he may protect it, not only against the competition of those who invade his market, but also against those who use the name to sell goods near enough alike to confuse his customers. We have often so decided, and it is not necessary to do more than refer to our last discussion. Emerson Electric Mfg. Co. v. Emerson Radio & Phonograph Corp., 105 F. 2d 908. Since in such a situation the injured party has not lost any sales, the courts have based his right upon two other interests: first, his reputation with his customers; second, his possible wish to expand his business into the disputed market. The first of these is real enough, even when the newcomer has as yet done nothing to tarnish the reputation of the first user. Nobody willingly allows another to masquerade as himself; it is always troublesome, and generally impossible, to follow the business practices of such a competitor closely enough to be sure that they are not damaging, and the harm is frequently done before it can be prevented. Yet even as to this interest we should not forget that, so long as the new-

comer has not in fact misconducted himself, the injury is prospective and contingent, and very different from taking away the first user's customers. The second interest is frequently less palpable. It is true that a merchant who has sold one kind of goods, sometimes finds himself driven to add other "lines" in order to hold or develop his existing market; in such cases he has a legitimate present interest in preserving his identity in the ancillary market, which he cannot do, if others make his name equivocal there. But if the new goods have no such relation to the old, and if the first user's interest in maintaining the significance of his name when applied to the new goods is nothing more than the desire to post the new market as a possible preserve which he may later choose to exploit, it is hard to see any basis for its protection. The public may be deceived, but he has no claim to be its vicarious champion; his remedy must be limited to his injury and by hypothesis he has none. There is always the danger that we may be merely granting a monopoly, based upon the notion that by advertising one can obtain some "property" in a name. We are nearly sure to go astray in any phase of the whole subject, as soon as we lose sight of the underlying principle that the wrong involved is diverting trade from the first user by misleading customers who mean to deal with him. Unless, therefore, he can show that, in order to hold or develop his present business, he must preserve his identity in the disputed market, he cannot rely upon the second of the two interests at stake. We discussed this in Emerson Electric Mfg. Co. v. Emerson Radio & Phonograph Corp., *supra* (105 F. 2d 908) but the decision did not depend upon it. It follows from what we have said that the newcomer will be subject to stricter limitations upon the use of his name when he is competing in the first user's own market, than if, as here, he has been the first to enter a new, though closely related, market.

It is well settled that a newcomer may be compelled to add some distinguishing words if he chooses to use even his own surname to conduct his business. Thaddeus Davids Co. v. Davids Mfg. Co., 233 U. S. 461, 34 S. Ct. 648, 58 L. Ed. 1946, Ann. Cas. 1915B, 322; L. E. Waterman Co. v. Modern Pen Co., 235 U. S. 88, 94, 35 S. Ct. 91, 59 L. Ed. 142; John B. Stetson Co. v. Stephen L. Stetson Co., 2 Cir., 85 F. 2d 586. However, so far as we have found, in all these cases the newcomer has been actually competing, and did not, as here, merely enter an adjacent market. As we have just said, what is a reasonable resolution of the conflicting interests in one case ordinarily will not be in the other; and it is obvious that no general principle is available and that the interests must always be weighed against each other. In the case at bar, while the defendant has not so conducted his business as to disparage the plaintiff's name, or injure its good will among those who may confuse the two, the plaintiff is nevertheless entitled to some measure of protection against the future for the reasons we have already given. On the other hand there is no evidence that it will be necessary for the protection or development of its markets to go into the adjacent market for fabric cleaners, or even that it was necessary in 1932 to go into that for cleaners of glazed surfaces; and without such proof we cannot regard this interest of the plaintiff as entitled to legal protection. Therefore, while it is entitled to some measure of relief, we think that the judgment went too far. It will be enough if the defendant is enjoined from using the word "Johnson's", except in combination with the word "Cleaner", or to use the phrase so constituted except in immediate juxtaposition to the legend, "made by the Johnson Products Company, Buffalo, N. Y.", in type equally large and conspicuous. It is quite true that this will not surely ad-

vise the public that the defendant's cleaner is not made by the plaintiff; but it appears to us that the only alternatives are too drastic. That chosen by the district judge, while it did not entirely forbid the use of defendant's name, took from him a very natural idiom; it would have been appropriate enough, if he was competing, but not where the injury is so problematical as it is. The only other is to compel him to use the phrase, often prescribed in such cases, "not connected with S. C. Johnson & Son, Inc." That is even more severe; it not only advertises the injured party, but directly suggests that the defendant has been found guilty of some unfair practice. When all is said, if a man allows the good will of his business to become identified with a surname so common as Johnson, it is fair to impose upon him some of the risk that another Johnson may wish to sell goods not very far afield; and he must show a substantial interest if he would seriously impair the second Johnson's privilege to use his own name in customary ways. We have annexed the judgment in the modified form in which it is to be entered.

Judgment modified with costs to the defendant.

Opinion of Judge Knight, July 6, 1948.

UNITED STATES DISTRICT COURT.
WESTERN DISTRICT OF NEW YORK.

S. C. JOHNSON & SON, INC.,
Plaintiff,
v.
JOHN W. JOHNSON, RUPERT H. JOHNSON, JOHN D. FREEMAN, ROLAND H. BOARDMAN, and HENRY J. STONE, doing business as JOHNSON PRODUCTS COMPANY,
Defendants.

Equity No. 2024.

Appearances:

Rogers & Woodson, Chicago, Ill. and Kenefick, Cooke, Mitchell, Bass & Letchworth, Buffalo, N. Y.; for Plaintiff. William T. Woodson, John H. Hollands, Richard I. Fricke, and Robert M. Hitchcock, of Counsel.

Edwin T. Bean and Conrad Christel, Buffalo, N. Y. for Defendants.

Knight, District Judge:

The plaintiff moves for an order permitting it to serve a Supplemental Complaint and requiring the defendants to plead thereto. Heretofore the plaintiff herein brought suit against one John W. Johnson, doing business under the name and style of Johnson Products Company, for alleged infringement of its trade-mark for powdered wax, prepared wax, wood dye, paste wood filler, varnish remover and floor cleaner. The above-named defendants are successors in interest to John W. Johnson. This court rendered its decision in such suit in 1939 (28 F. Supp. 744)

and upon it, on or about January 11, 1940, a decree was entered enjoining the said John W. Johnson, and all holding by, through or under him, from the sole use of "Johnson's" on the then defendant's labels. The alleged infringing product is a liquid cleaner. On appeal, in an opinion rendered on December 30, 1940, (116 F. 2d 427), the decision of this court was modified. No action was thereafter taken until the present motion was made on June 1, 1948.

The present motion is made under Rule 15 (d) of the Federal Rules of Civil Procedure, and its purpose is to give the plaintiff the opportunity to present proof to the effect that the injunction now in force against the defendant, John W. Johnson, and his successors in interest, is inadequate and does not give the plaintiff, or the public, protection against fraud, deceit and mistake that result from the defendants' use of the name "Johnson's" as a trade mark for its cleaner. Transactions, occurrences and events which have happened since the date of the injunction heretofore granted are proposed to be shown.

It is asserted that the filing of the proposed supplemental bill is unauthorized without the permission of the Circuit Court of Appeals. Plaintiff and defendants cite Dixi-Cola Laboratories v. Coco-Cola Co., 146 F. 2d 43. The opinion there laid down the rule that where it appeared that there was a conflict between the decision of the appellate court and the further relief sought by the supplemental bill it would be necessary to get permission of the appellate court to the filing of the supplemental bill. On the other hand where the relief sought was not in conflict, but in accord, with the decision of the appellate court and is based upon matters which have occurred since the entry of the decree which was affirmed on appeal, the application to file a supplemental bill is to be made to the District

Court. Allowance is within the sound discretion of the District Court.

The plaintiff asserts that the purpose is to seek to establish, not only that defendants' goods "are likely to cause confusion or mistake or to deceive purchasers as to source of origin as to such goods", but also that defendants' goods are, in fact, attributed to the plaintiff; "that in the terms of the new Trade-Mark statute, defendants' goods are, in fact, causing confusion and mistake and are receiving purchasers as to their source of origin." The Trade-Mark Act of 1905, in force when the suit was brought, has been amended (Section 321 of the Registration Trade-Mark Act of July 5, 1946 Public Law 489, 79th Congress). This amendment became effective July 6, 1947. The purpose of both acts was to prevent deception to the public and protect trade-mark rights. However, it is not believed that the amendment makes any difference with the decision on the pending motion.

The plaintiff states that exhaustive investigations have been made throughout the United States, and it has been found that a large number of individuals who had, either when having had defendants' product or when being shown it by the plaintiff, believed it to be the product of the plaintiff. The court on appeal in the instant case said "It (plaintiff) has no customers to divert for it does not sell a cleaner for fabrics, * * * and, as to glazed surfaces, it began to sell its cleaner for these after defendant. It was the newcomer in that market, * * *." It is true that the opinion in the Appellate Court was based upon the fact that the plaintiff and the defendant were not putting out identical goods.

It is urged by the plaintiff that had the Trade-Mark Act of 1905 prohibited the use of registered trade-mark on

goods which the public attributed to the registrant, the court would not have modified the District Court decree. Even though the articles were not identical, it is not believed that this is so. "Deception" is the basis of that act and the amendment.

The complaint alleges (Paragraph No. 8): "that the displaying of said legend as a border to said label instead of displaying it side by side with the name 'Johnson's Cleaner', as required by the decree, constitutes a violation of said decree." As respects this allegation, the plaintiff could bring a proceeding as for a contempt.

It is asserted (Paragraph No. 9) that the legend, " 'Made by Johnson Products Company, Buffalo, N. Y.,' on defendants' label does not distinguish defendants' product from plaintiff's product as to the source of origin in that the public attributes defendants' product, so labeled, to the plaintiff." The Circuit Court told the defendant just how to distinguish defendant's label. It said: "It will be enough if the defendant is enjoined from using the word 'Johnson's', except in combination with the word 'Cleaner', or to use the phrase so constituted except in immediate juxtaposition to the legend 'made by the Johnson Products Company, Buffalo, N. Y.,' in type equally large and conspicuous." Defendants' label carried the words "Made by Johnson Products Company, Buffalo, N. Y." in circular form immediately below the words "Johnson's Cleaner". Plaintiff says this phrase so placed is not in "juxtaposition" to the words "Johnson's Cleaner". "Webster's New International Dictionary of the English Language," 2d Ed. copyrighted 1942, defines juxtaposition as "a placing or being placed side by side". Strictly these words are not side by side, but the dictionary gives as synonyms "contact, continuity, nearness, proximity." It seems to

me that this labeling is sufficient to meet the terms of the decision.

Plaintiff further alleges (Paragraph No. 10) that the use by the defendants of the business style "'Johnson Products Company, Buffalo, N. Y.' is likely to and does cause confusion or mistake and deceives purchasers as to the source of origin of defendants' product because the public assumes that defendants' product comes from plaintiff." On the appeal Johnson and Son v. Johnson, *supra,* the court said: "The plaintiff proved to the satisfaction of the judge that the defendants' use of the name has caused confusion among the plaintiff's customers; and we cannot say that the finding is 'clearly erroneous'. We should have so found ourselves; * * *." So it appears that the basis for any relief given the plaintiff was the fact that the legend on the label as originally appeared with "Copyright 1933 by Johnson Products Co. Buffalo, N. Y." was insufficient. The question of confusion was definitely before this court on the trial of the infringement suit. I said in my opinion in the case: "Many witnesses have testified as to transactions directed to show such deception."

Plaintiff alleges (Paragraph No. 11) that the use by the defendants of the name "Johnson's" as a trade-mark "is likely to and does cause confusion or mistake and deceive purchasers as to the source of origin." What has been said with reference to Paragraph No. 10 is applicable to Paragraph No. 11. The same positions were taken on the trial and the appeal.

It is apparent that the plaintiff seeks reversal of the decision of the Circuit Court of Appeals. The prayer for relief asks that the defendants be restrained from using the name "'Johnson's as a brand name or trade-mark

for a cleaner or any kindred product". In the Dixi-Cola case, the court said: "Certainly a re-hearing of matters decided upon the appeal could not be had by the simple device of filing a supplemental bill or making a motion for leave to file same." (155 F. 2d 59) and further: (146 F. 2d 43) the court said:

> "If there was any conflict between the decision of this court and the further relief sought by the supplemental bill, it would doubtless be necessary for the permission of this court be obtained to the filing of the bill, • • • and whether permission would be granted or not would depend upon circumstances which we need not go into here."

The supplemental bill was long known in the Federal equity practice. Former Equity Rules 34 and 57. 3 CYC. sec, 197; Story's Equity Pleadings (10th Ed.), 339. Provisions in the codes have taken the place of the supplemental bill in equity. Present Rule 15 (d) limits the supplemental pleading to transactions, occurrences or events happening since the date of the pleading sought to be supplemented. Former Equity was broader in that it included matters or facts of which petitioner was ignorant when made. The applications are directed to the discretion of the court and unless abused its exercise will not be disturbed. General Inv. Co. v. Lake Shore Ry., 260 U. S. 261; Conqueror Trust Co. v. Fidelity & Deposit Co., 63 F. 2d 833. Clearly the discretion of the court is not abused where, as here, it both appears that the acts and transactions sought to be shown go to establish the allegations of the original bill, are in conflict with the decision of the Circuit Court and where a long period of time has run since the Circuit Court decision was entered.

It is believed that each case cited by the plaintiff differs materially in its facts from the instant case.

The plaintiff places stress on the decision in Barton Mfg. Co. v. Rex-Oil Co., 288 F. 878; 2 F. 2d 402; 29 F. 2d 474. This case shows a practically continuous proceeding from the filing of the complaint on April 15, 1921, down to February, 1924 with the application for the supplemental bill made fifteen months later. In the instant case some 8 years have run their course since the decision of the Circuit Court. Further, no question of the right to file the petition was raised in the Barton case.

The Dixi-Cola case is distinguishable in several respects. There the Petition was "to modify, enlarge and settle the final decree." The petition was filed before the final decree was entered. The petition for supplemental bill was refused by the District Court. On appeal, 155 F. 2nd 59, it was held the trial court should determine whether the rejected proofs be made under the existing proceedings or under a supplemental bill. It is apparent that there was no conflict with the decision of the Appellate Court, 146 F. 2d 43.

In Menendez v. Holt, 128 U. S. 514, and McLean v. Fleming, 96 U. S. 245, suits were brought against alleged infringer many years after the right to bring them arose. No supplemental pleading was involved. In McLean v. Fleming the court said: "Unreasonable delay on bringing a suit is always a serious objection to relief in equity."

There was no question involved in these cases of any prior trial of the issues.

Momand v. Paramount Pictures Distributing Co., Inc. *et al.* and Momand v. Universal Films Exchange (D. C. Mass.), 6 F. R. D. 222, cited by plaintiff, is not in point. The defendants there filed a motion asking leave to file a supplemental answer, and this was done within a few months after the judgment which was set up as an estoppel was filed.

In Ratner v. Paramount Pictures (D. C. S. D. N. Y.), 6 F. R. D. 618, the court permitted the service of a supplemental pleading setting up as a defense the rendition of a judgment of the state court as *res adjudicata* which judgment had not been entered at the time when the original answer was filed.

Porter, Adm. OPA v. Block & Porter, Adm. OPA v. Sherwood Distilling Co., 156 F. 2d 264, said that the Administrator might be permitted to serve a supplemental pleading setting up the issuance of a new maximum price order. This case is comparable to those where statutes have been changed, since the original trial, or where there has been an adjudication in another court subsequent to the trial.

In the instant case the application filed should have been made to the Circuit Court. It is not necessary, however, to dismiss on that ground.

Assuming petitioner is properly before this court, the petition must be denied. It is believed that the proposed evidence is in conflict with the decision of the District Court. Further, the plaintiff is guilty of laches. The court in the exercise of its discretion properly refuses the petition.

July 6, 1948.

JOHN KNIGHT,
United States District Judge.